

Message Text

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ACTION NEA-10

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UNCLAS BAGHDAD 0077

STATE FOR NEA/ARN

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E.O. 11652: NA

TAGS: BDIS, BEXP, ETRD, IZ, US

SUBJ: TRADE COMPLAINT: NATIONAL BROILER MARKETING ASSOCIATION
VS. GOVERNMENT OF IRAQ GENERAL POULTRY COMPANY

REF 77 BAGHDAD 2281

1. REFTEL REPORTED TRADE DISPUTE BETWEEN NBMA AND IRAQI GENERAL POULTRY COMPANY OVER LATTER'S REFUSAL TO RELEASE NBMA PERFORMANCE GUARANTEE. THE TEMPORARY RESTRAINING ORDER WHICH THE NBMA HAS OBTAINED TO PREVENT ITS BANK, DEPOSIT GUARANTEE NATIONAL BANK OF JACKSON, MISSISSIPPI, FROM RESPONDING TO THE IRAQI COLLECTION REQUEST EXPIRES 0900 HOURS CST, MONDAY, JANUARY 16, 1978. FOR THE PAST WEEK, NBMA TEAM HAS BEEN IN BAGHDAD ATTEMPTING TO SECURE RELEASE OR POSTPONEMENT OF THE IRAQI GOVERNMENT'S 1.75 MILLION DOLLAR CLAIM ON NBMA PERFORMANCE GUARANTEE BEFORE THE EMPORARY RESTRAINING ORDER EXPIRES. GOI HAS SO FAR NOT AGREED TO DO SO, CLAIMING THAT ADDITIONAL TIME IS REQUIRED TO ACCOUNT FOR ALLEGED SHORTAGES AND TO
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DETERMINE LIABILITY. HOWEVER, GOI IS ACCELERATING ITS INVESTIGATION NOW UNDERWAY AND THERE IS SOME CHANCE THAT IRAQIS AND NBMA MAY RESOLVE PROBLEM BEFORE DEADLINE.

2. SINCE PROBLEM HAS NOT YET BEEN RESOLVED, NBMA PLANS TO ENTER US DISTRICT COURT IN JACKSON, MISSISSIPPI,

0900 HOURS CST FRIDAY, JANUARY 13 TO CONVERT TEMPORARY RESTRAINING ORDER INTO A PRELIMINARY INJUNCTION PREVENTING COLLECTION OF THE BANK GUARANTEE UNTIL THE UNDERLYING DISPUTE IS RESOLVED. IF NBMA IS NOT SUCCESSFUL, AND IF THE BAGHDAD NEGOTIATIONS HAVE STILL NOT RESOLVED PROBLEM BY THE EXPIRATION OF THE TEMPORARY RESTRAINING ORDER, THE NBMA'S BANK WILL LIKELY PROCEED IMMEDIATELY TO PAY THE IRAQI GOVERNMENT AND SIMULTANEOUSLY REQUEST THE NBMA TO PROVIDE THE FUNDS. AT THIS TIME THE NBMA CLAIMS THAT IT WILL BE FORCED TO DECLARE BANKRUPTCY.

3. CONTINUING MEDIATING ROLE REFERRED TO IN PARA 7, REFTEL, USINT OFFICERS HAVE CALLED ON RELEVANT GOI OFFICIALS TO URGE THEM TO MEET WITH NBMA TEAM AND HAVE PUT NBMA REPRESENTATIVES IN TOUCH WITH AN IRAQI LAWYER.

4. COMMENT. AS DEPARTMENT IS AWARE, NBMA CONTRACT WITH GOI WAS LARGEST SINGLE EXPORT SALE OF US FROZEN POULTRY IN HISTORY. TRANSACTION WAS WIDELY PUBLICIZED AND REGARDED AS A BELLWETHER OF US-IRAQI COMMERCIAL RELATIONS. IF IT ENDS IN BANKRUPTCY OF NBMA, WHICH CLAIMS TO HAVE FAITHFULLY EXECUTED CONTRACT, IT WILL LIKELY HAVE A SERIOUS IMPACT ON US-IRAQI TRADE AND ON IRAQI COMMERCIAL REPUTATION IN GENERAL.
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5. FURTHER USINT COMMENTS ARE PROVIDED IN SEPTTEL. IF DEPARTMENT REQUIRES FURTHER BACKGROUND INFORMATION, CONTACT: MR. BOBBY ATHONY, PRESIDENT, NBMA, JACKSON, MISSISSIPPI. TELEPHONE: 601-956-4121, AND ATTORNEY MIKE DOYLE OF ALSTON, MILLER AND GAINES, ATLANTA, GEORGIA. TELEPHONE: 404-588-0300.
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